

## Message Text

SECRET

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62

ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

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DRAFTED BY: E/DRHINTON:LMB:10/17/75

APPROVED BY: E/DRHINTON

WH: WSEIDMAN

S/S: JLHOGANSON

S: JCOVEY

S/S-O: JHOGANSON

WH: GEN. SCOWCROFT

C: BILL SHINN

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW NIACT IMMEDIATE

INFO USDEL SECRETARY AIRCRAFT IMMEDIATE

USDEL SECRETARY PRIORITY

S E C R E T STATE 248235 TOSEC 160009

NODIS

E.O. 11652: GDS

TAGS: ETRD, EEWT, US, UR

SUXJECT: GRAIN - OIL NEGOTIATIONS

REFS: (A) MOSCOW'S 14888 (B) STATE'S 244346

(C) STATE'S 245190 (D) STATE'S 247128

(E) MOSCOW'S 14954

FOR UNDER SECRETARY ROBINSON

1. WE THINK YOU MUST SLOW DOWN TIMETABLE AT LEAST AS FAR  
AS ANNOUNCEMENT IS CONCERNED. THUS, FOR COMPLICATED

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REASONS INVOLVING PUBLIC RELATIONS, CONSULTATION HERE

WITH CONGRESSMEN AND OTHERS, AND CONSIDERATIONS OF EFFECT ON MARKETS, WE PROPOSE PUBLIC ANNOUNCEMENT BE MADE FROM WHCTE HOSSE AT 4:00 P.M. MONDAY, OCTOBER 20 AND SOVIET AGREEMENT NOT TO MAKE ANNOUNCEMENT PRIOR TO 11:00 P.M. MOSCOW TIME OCTOBER 20. ON ASSUMPTION THIS AGREEABLE AND THAT REMAINING POINTS AT ISSUE ARE SATISFACTORILY RESOLVED YOU COULD SIGN WHENEVER MUTUALLY CONVENIENT. IN THIS CASE, IF YOU LEFT MOSCOW YOU WOULD MAKE STATEMENT AT AIRPORT THAT YOU HAVE COMPLETED YOUR TALKS AND THAT AN ANNOUNCEMENT WILL BE MADE IN WASHINGTON "SOON."

WE UNDERSTAND THIS MAY INCONVENIENCE YOU AND REGRET THAT FACT.

2. WE HAVE SERIOUS PROBLEM WITH YOUR FORMULATION IN PARAGRAPH THREE REFTTEL (A). POINT OF PARAGRAPH STATE'S 245190 WAS TO AVOID PUTTING PRESIDENT IN POSITION WHERE HE HAD "ASKED" FOR LIMITATIONS. THIU COULD BE SIGNIFICANT IN TERMS FARMER REACTION HERE. SINCE YOU NOW HAVE AUTHORITY TO AGREE TO SEVEN MILLION TONS YOU HAVE NEGOTIATING CARD TO MOVE SOVIETS TO ACQUIESCE IN U.S. STATEMENT THAT SOVIET GOVERNMENT HAS INFORMED US THAT THEIR PURCHASING PLANS FROM THE 1975 CROP DO NOT ENVISAGE PURCHASING MORE THAN SEVEN MILLION ADDITIONAL TONS OF U.S. GRAIN WITHOUT CONSULTATION.

3. WITH RESPECT OIL LETTER OF INTENT WE COULD ACCEPT SOME OF YOUR PROPOSAL FOR NEW PARAGRAPH SIX IF, AS YOU ANTICIPATE, YOU ARE UNABLE TO DO MUCH BETTER. WE INSIST, HOWEVER, THAT THERE BE NO MENTION OF WORLD PRICES WHICH, IN FACT, DON'T EXIST.

4. THE PHRASE "PRICES ... WILL BE ESTABLISHED IN THE CONTRACTS" ALSO GIVES US PROBLEMS. CONCEPT IS DESIRABLE INSOFAR AS PRIVATE COMPANIES ARE CONCERNED, BUT MEANINGFUL OIL AGREEMENT BETWEEN GOVERNMENTS, INCLUDING OPTION FOR U.S. GOVERNMENT TO PURCHASE, SHOULD AT LEAST CONTAIN PRICE FORMULA FOR U.S. GOVERNMENT PURCHASES. AT MINIMUM WE DO NOT WISH TO PRECLUDE THAT POSSIBILITY FROM FUTURE NEGOTIATIONS.

5. THUS, PARAGRAPH SIX OF THE OIT LETTER OF INTENT  
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COULD READ: "PRICES FOR CRUDE OIL AND PETROLEUM PRODUCTS WILL BE MUTUALLY AGREED AT A LEVEL WHICH WILL ASSURE THE INTERESTS OF THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF THE UNION OK SOVIET SOCIALIST REPUBLICS. SUCH PRICES WILL BE ESTABLISHED, TAKING INTO ACCOUNT THE QUALITY OF THE CRUDE OIL AND PETROLEUM PRODUCTS, SUPPLY AND TRANSPORTATION CONDITIONS, BY AGREEMENT BETWEEN THE PARTIES IN THE CASE OF PURCHASES FOR THE

U.S. GOVERNMENT AND IN COMMERCIAL CONTRACTS BETWEEN  
PRIVATE U.S. FIRMS AND SOVIET FOREIGN TRADE ORGANIZATIONS  
IN THE CASE OF PURCHASES NOT FOR THE U.S. GOVERNMENT.

6. TO COMMENCE NEGOTIATIONS

"PROMPTLY" IS ACCEPTABLE AS REPLACEMENT FOR "WITHIN  
THIRTY DAYS" WITH ORAL AGREEMENT ON LOCUS AND THAT THIS  
MEANS THIS MONTH, OCTOBER 1975. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOSEC, PETROLEUM, AGREEMENTS, CAT-C, GRAINS, NEGOTIATIONS, PRESS RELEASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE248235  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** E/DRHINTON:LMB:10/17/75  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** P840178-2468  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751042/aaaabkyd.tel  
**Line Count:** 123  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN NODS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** NODIS  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** NODIS  
**Reference:** 75 MOSCOW 14888, 75 STATE 244128, 75 STATE 244346, 75 STATE 124190, 75 STATE 247128, 75 MOSCOW 14954  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 JUN 2003 by ShawDG>; APPROVED <03 NOV 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GRAIN - OIL NEGOTIATIONS  
**TAGS:** ETRD, EEWT, US, UR  
**To:** MOSCOW SECRETARY SECRETARY AIRCRAFT  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006